



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

October 16, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

Board of Supervisors
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Fifth District

MOTION TO SUPPORT PROPOSITION 1A – THE SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN BOND ACT (ITEM NO. 3, AGENDA OF OCTOBER 21, 2008)

Item No. 3 on the October 21, 2008 Agenda is a motion by Supervisor Antonovich to express firm support of Proposition 1A, the Safe, Reliable High-Speed Passenger Train Bond Act, on the November 4, 2008 General Election ballot, to urge all voters to support this measure, and to authorize the listing of Los Angeles County in formal support of Proposition 1A as a member of the Californians For High Speed Trains Coalition.

Proposition 1A would provide for the issuance of \$9.95 billion of State general obligation bonds for pre-construction activities and construction of a high-speed passenger train system to link the major population centers in California; and for capital improvements to passenger rail systems that expand capacity, improve safety, or permit train riders to connect to the high-speed train system.

The bond measure makes available \$9 billion to plan and build a high-speed passenger network that serves metropolitan areas and connects regional and local transit systems to form an integrated transportation system. The high-speed train system would link all of the State's major population centers including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego. The measure funds up to 50 percent of the total cost of construction of each segment of the high-speed train system and would limit the amount of bond funds that can be used to finance certain pre-construction and administrative activities. The California High-Speed Rail Authority (Authority) would be required to obtain private and other public funds to

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finance the remaining costs of the project, including Federal funds, and funds from revenue bonds and local sources.

Proposition 1A would provide for oversight of the planning, engineering, financing and other elements of the Authority's plans by an independent peer review group, which would be comprised of individuals designated by the California Treasurer, California Controller, California Director of Finance (CDOF) and the Secretary of Business, Transportation and Housing. This group would review, analyze, and evaluate the Authority's plans, including the financing plan for each segment and report its findings and conclusions to the Legislature. The Authority would be required to approve and submit a detailed funding plan for each segment of the high-speed train system to the peer review group, CDOF and the Legislature prior to seeking an initial appropriation of bond proceeds. In addition, the measure provides for the State Auditor to perform periodic audits of the Authority's use of bond funds.

Phase I of the high-speed train project is defined as the corridor between San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim. Upon a finding by the Authority that there would not be an adverse impact on the construction of Phase I of the project, bond funding for capital costs may be requested for expenditure on any of the following high-speed train corridors:

- Sacramento to Stockton to Fresno
- San Francisco Transbay Terminal to San Jose to Fresno
- Oakland to San Jose
- Fresno to Bakersfield to Palmdale to Los Angeles Union Station
- Los Angeles Union Station to Riverside to San Diego
- Los Angeles Union Station to Anaheim to Irvine
- Merced to Stockton to Oakland and San Francisco via the Almont Corridor

The remaining \$950 million in bond funds would be allocated for capital improvements to other passenger rail systems for capacity enhancements and safety improvements, or direct connections to the high-speed train system and its facilities. Of the \$950 million, \$190 million is designated for State-supported intercity rail lines including a minimum of 25 percent of this amount to be allocated to the State's three intercity rail corridors. The remaining \$760 million would be available for other passenger rail service including commuter rail, light rail, heavy rail, and cable car rail services.

Legislative Analyst's Office (LAO) Report. The LAO reports that the costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. If the bonds are sold at an average interest rate of 5 percent, the State General Fund cost would be about \$19.4 billion, assuming 30 years to pay off both principal (\$9.95 billion) and interest (\$9.5 billion). The average repayment for principal

and interest would be approximately \$647 million per year. According to the LAO, when constructed, the high-speed rail system will incur unknown ongoing maintenance and operation costs, probably in excess of \$1 billion a year. These costs would be at least partially, and potentially fully, offset by revenue from fares paid by passengers.

Affected Departments. The Department of Regional Planning (DRP) indicates that the bond measure would have no direct impact on County government. Proposition 1A would provide funds for urban and commuter rail, which would provide a benefit to the regional transportation network, however, most of the bond funds would be spent on high-speed rail for intercity rail services. The Department of Regional Planning is concerned that only about 8 percent of the total bond measure would be spent on urban and commuter rail. According to DRP, the State in general has other unfunded transportation projects that have been identified and prioritized by both local and regional government agencies. Implementation of these projects would provide a greater benefit to more residents of California than Proposition 1A. Repayment of the bonds would further reduce the State's ability to repay transportation funds that already have been borrowed from local transportation projects. Therefore, the Department of Regional Planning is not supportive of Proposition 1A.

The Department of Public Works (DPW) advises that, although Proposition 1A is not anticipated to provide direct funding to DPW, the high-speed train is recognized as a Statewide significant project that would relieve congestion, enhance mobility, and improve air quality. The Department of Public Works would coordinate various phases of the project with the Authority in connection to the County's jurisdictional approval process; however, there would be no direct service impacts on DPW. The Department of Public Works has no position on Proposition 1A.

The Internal Services Department indicates that Proposition 1A will have no impact on its operations.

There are no existing Board policies relating to the construction of a high-speed rail system. Therefore, **a position on Proposition 1A is a matter for Board policy determination.**

Support and Opposition. According to proponents of Proposition 1A, it is supported by over 100 organizations and elected officials including U.S. Senator Dianne Feinstein, Assemblymembers Fiona Ma, and Cathleen Galgiani, State Senator Christine Kehoe, California State Association of Counties, League of Women Voters, California Alliance for Jobs, California Democratic Party, Sierra Club California, the Los Angeles Times, Antelope Valley Press, and the Fresno Bee.

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According to the opponents of Proposition 1A, it is opposed by a number of organizations and individual political leaders, including Assemblyman Chuck DeVore, State Senators Tom McClintock, George Runner, and Roy Ashburn, the California Chamber of Commerce, and the Howard Jarvis Taxpayers Association.

WTF:GK
ML:MR:LY:sb

c: Executive Officer, Board of Supervisors
 County Counsel
 The Department of Regional Planning
 The Department of Public Works
 The Internal Services Department